GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1411
ANSWERED ON:02.03.2001
EXPORT SUBSIDIES ON FARM PRODUCTS
SULTAN SALAHUDDIN OWAISI

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether ASSOCHAM have asked the Government to impress upon the WTO members on the need for effective measures to prevent rolling over of unused subsidies in view of the debilitating impact of high incidents of export subsidies on farm products;

(b) if so, whether the Chamber has also underlined the need for proper disciplines on exports credits, export guarantees and export insurance and price discounts which strikes at the very routes of the envisaged liberalization in the agricultural sector;

(c) if so, the steps taken or being taken by the Government in this regard;

(d) whether many WTO member countries have shifted export subsidies between products from year to year so as to target a few specific commodities and also have rolled over unused subsidies to the following year; and

(e) if so, whether the Government have taken matter with the WTO countries and steps taken in regard to unused subsidies ?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN)

(a) & (b) : As reported in certain sections of the Press, ASSOCHAM has through their Press release asked the Government to impress upon the WTO members on the need for effective measures to prevent rolling over of unused subsidies.

(c) to (e) : Keeping in view the trade distorting nature of export subsidies, India in its proposals submitted to WTO for the ongoing negotiations under the Agreement on Agriculture, has called for their elimination in the first two years of implementation, both in terms of export subsidy outlays and subsidised volumes and has also demanded that no rollover of unused export subsidies should be allowed during the transition period. India has also called for subjecting all forms of export subsidisation including export credit, guarantees, price discounts and insurance programmes to the overall disciplines applicable to export subsidies.

Existing provision of WTO Agreement on Agriculture did not prohibit rolling over of unused export subsidies and as such there are a few instances of member countries having rolled over the unused export subsidies to the following year and having shifted export subsidies between products so as to target a few specific commodities. However, since this negates the very spirit of the Agreement, India has called for elimination of these export subsidies including no further rolling over of unused export subsidies.